

Mr. SCOTT of Virginia: I thank the gentle lady for yielding. If we are going to talk about how bad the budget situation is now, I think it makes sense to explain how we got here.

First, in the early 1990s, the budget had gone totally out of whack. The first President Bush got together with the Democratic leadership of the House and Senate. Unfortunately, we had to break his pledge on "read my lips, no new taxes," and they came to an agreement and did a little bit to fix the budget.

In 1993 after President Clinton came in, we did some serious work about the budget. We raised some taxes and got the budget under control in the 1993 budget. When you vote on budgets, they are tough budgets. President Bush to a large extent can credit his decision to address the budget with new taxes as part of the reason for his defeat.

And when the Democrats, without a single Republican vote in the House, and not a single Republican vote in the Senate, passed the 1993 budget, 50 Democrats lost their seats. It was a tough vote. You lose your seats when you have very serious deficit reduction. But as a result of that 1993 budget, we not only balanced the budget in just a few short years, but we went into significant surplus and created a record number of jobs.

The Dow Jones Industrial Average almost quadrupled.

In 1995, when the Republicans got in control by demagoguing the votes that we cast fixing the budget, they came in and tried to undermine everything in the entire budget. President Clinton let the government get shut down rather than sign those irresponsible budgets that the Republicans passed.

As a result of his tenacity and holding on to his original plan, the budget was balanced in a few short years. Now, there are some in Congress who talk about the historic balanced budget amendment in the mid-90s. Well, if they hadn't come to such agreement, the balance would have balanced itself. We didn't know when we voted on that, as a matter of fact, whether the budget had already gone into surplus. They hadn't finished counting the money. It went from a 290 deficit, we got down to \$10 billion, and the agreement slowed down the progress a little bit. But we still went into surplus.

In 2001, Chairman Greenspan was answering questions like, what's going to happen when we pay off the entire national debt held by the public? What's going to happen to interest rates? What's going to happen to the bond market when there are no government bonds? How do you calculate investment strategy when you don't have government bonds setting the no-risk limit, and you have increased rate of return after that, how do you calculate investment strategies if there are no government bonds because you have paid them all off?

By 2008, it was projected we would owe no money to China, Japan, and Saudi Arabia. We

would have paid off our entire national debt. So people are thinking this is hard. We had done it. In 2001, by August of 2001, after the first round of tax cuts, we had already gone broke. Instead of the surplus, Social Security surplus, they were talking about the lock box, put that away for Social Security, Medicare surplus, put that in the lock box for Medicare. We had a surplus over that.

By August of President Bush's first year, we had gone through all of the surplus, and we were into Social Security and Medicare by August. You cannot blame September 11 for the fact that we had already gone broke a month before. And so after two tax cuts, not paid for, after prescription drug benefit not paid for, a couple of wars not paid for, we are in the ditch.

Now, during the Clinton administration, we had PAYGO. You wanted to spend some more money, you had to come up with the money to pay for it. You wanted to cut taxes, you had to cut some programs, you had to pay for it. Everything you did, you had to pay for it. When President Bush came in, they did away with PAYGO and put us in the ditch.

Now we're so far in the ditch that most experts suggest we need \$4 trillion in deficit reduction to get back to a point where we are fiscally responsible. About \$4 trillion. The Simpson-Bowles committee came up with one plan with a lot of this and a little of that--\$4 trillion. But there is one interesting thing that you could do to come up with almost \$4 trillion: let all of the Bush tax cuts expire. Done. That is all you have to do.

As a matter of fact, in the Congressional Black Caucus budget this year, we started off with that premise. Let them all expire. But we wanted to extend some, and so we paid for them. We

cut the oil loopholes and extended some, and we cut some other loopholes, and added this tax and cut this. We got to a point where we could extend a lot of the tax cuts because we paid for them.

If you want to know what deficit reduction looks like without revenue, you can look at the continuing resolution earlier this year. It started out at \$66 billion, which annualized, was about a hundred billion. And 10 years, that would be about a trillion. If you look at what was in that first trillion dollars that they wanted to cut, it was so bad that they couldn't get it passed. They ended up having to compromise. We had cuts in the safety net like community health centers, cuts in energy assistance for low-income seniors, cuts in community action agencies, and we had cuts in investments in the future. Head Start, Pell Grants got cut. Scientific research and NASA all got cut.

And then just perfunctory parts of government. FBI agents got cut. We're sitting up in the Judiciary Committee trying to figure out how to deal with many of the problems we've got, and half of it is we don't need new criminal laws. We need new FBI agents to investigate the cases. FBI agents were cut; 4,000 fewer. Clean Water Grants, Environmental Protection, all cut. Air traffic controllers. There are so few. They're working so hard that they're falling asleep on the job. They were cut.

The next round of cuts would be, obviously, Medicare and housing and other programs were

next on the chopping block. We could not get--they could not get that passed. As a matter of fact, by the time they finished, now they're going to a program suggesting that we need to cut not \$1 trillion but \$2 trillion or \$3 trillion. If you couldn't get the first trillion passed because you're so deep into the things that people believe in, things that--Clean Water Grants, food inspectors. There are so few food inspectors in that budget that some meatpacking plants would have to close because they are obligated to have a Federal meat inspector on site. And if you can't be on site, you can't operate. They had so few meat inspectors that they anticipated many of the companies would have to close down or at least close temporarily because there were so few.

Now they're trying to figure out how you can do \$2 trillion or \$3 trillion worth of cuts. They came up with this idea of the debt ceiling. The debt ceiling is something that recognizes the fact that we've already spent the money. So you raise the debt ceiling not because you're spending any money but because you have already spent the money. It's a perfunctory kind of thing. Dozens of times, almost once a year over the last 50 years, we've had to increase the debt ceiling. Democrats and Republicans all have had to vote for the debt ceiling.

The charade about the thing is usually the majority party has to cast the tough votes and the minority party gets to talk about fiscal irresponsibility and grandstand a little bit, but it's never in the context that there's any question about whether the debt ceiling is going to be increased. Speeches are made, but it's in the context it's going to pass. And you can make a speech about it.

Now they're saying, Maybe we won't increase the debt ceiling. Nobody knows what would happen if the debt ceiling were not increased, if we defaulted on our bonds, if we didn't send out Social Security checks. Nobody knows what would happen--what would happen to the investments, what would happen to the interest rates. We had a temporary technical glitch a few years ago where checks were a day or two--couple of days late going out and they calculate that as a result of that little glitch we paid about half a percent higher interest rate for many years.

Now, a 1 percent interest rate on the national debt now is about in the range of \$100 billion. So if you're looking at what would happen if you defaulted on the debt and people charged more interest, well, that's the order of magnitude that we would be talking about. We shouldn't have to even discuss what would happen "if," because it could be anything. And who would want to find out? We ought to just go ahead and increase the debt ceiling and not use it as a threat that unless you do this, we'll blow up the economy. I would hope that our leadership would not capitulate to those kind of threats because if you capitulate this time, in October they can shut down October by not passing appropriations bills. Don't get "my way or the highway" to close down the government. In a year or so you would have to do the debt ceiling again. Same thing.

So if you capitulate to these kinds of childish threats, there will be no end to it and you will certainly invite them back. As a matter of fact, what is going on now is they're kind of slow-walking us through some cuts that never could have been made in the normal legislative process. Last year, in December, we extended the Bush tax cuts. That cost \$400 billion a year. Now we're broke, and we need to come up with about \$400 billion a year, as if we had forgotten what we did last December.

Now, when we extended those tax cuts, there's no

mention of how it would be paid for. It would have been nice to know what the plan was, whether we're going to have to cut Social Security or Medicare in order to afford the tax cuts that were extended in December. Now they're going to try to get some cuts that they couldn't otherwise get if you're making rational choices. And legislative process is about choices. If you want a program, you ought to pay for it. If you're willing to pay the taxes, then you can have your program. Not willing to pay the taxes, can't have your program.

Last year we passed health care reform. It cost a trillion dollars. We raised more than a trillion dollars in taxes. That's a balanced approach. If we didn't want to pay the taxes, we couldn't have the program. And so that's the balanced approach that we're not making as we go along now because the next step in this process will be not cuts but caps.

No program will be cut if any deal comes on. These \$2 trillion or \$3 trillion deals come back. Not a single program will be cut. There will just be caps. Three months from now, when you try to appropriate under those caps, you'll wonder why you can't afford Head Start, why you can't afford any food inspectors, why you can't afford any FBI agents, because the caps are so low.

If you put them all together, if you had made your choices, if you had known you were going to have to cut Head Start and FBI agents and Clean Water Grants when you cut taxes, maybe you wouldn't have cut the taxes. You should have made the choices all at once.